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Iraq Report January 22, 2009



Bureau of Near Eastern Affairs
U.S. Department of State



Editor's Note

With the expiration of the UN mandate covering the U.S. troop presence in Iraq on December 31, 2008, the implementation of a Security Agreement and a Strategic Framework Agreement between the U.S. and Iraqi governments beginning on January 1, 2009, and the advent of a new U.S. Administration on January 20, 2009, the U.S. bilateral relationship with Iraq has entered a new phase. In light of this fact, we have reviewed the content and format of the Iraq Weekly Status Report and with this week's edition present this product with a new look, and a new name -- the Iraq Status Report (ISR).

The ISR will continue to provide its readership with updates on significant developments in Iraq across a variety of fields. We have added a new section, Beyond Baghdad, which will contain information on developments in the provinces. The ISR will no longer contain a separate section on the Coalition, given its greatly reduced composition following the expiration of the UN mandate. We will also shift our reporting on "essential services" to providing information on "public services," underscoring the Iraqi government's responsibility for providing Iraqis with such services. Along these lines we are also consolidating the section on oil, simplifying the section on electricity, and refocusing the legislative section on key current and upcoming legislative issues .

As the situation in Iraq continues to progress, we will consider reducing the frequency with which we publish the ISR. We are confident that this new approach will enhance the value of this product for our readership, and would welcome your feedback and suggestions. Please send any comments to NEA-I-IPOG-DL@state.gov.



TABLE OF CONTENTS

HIGHLIGHTS	4
POLITICAL	
• Governance & Legislation	5
ECONOMIC	
• Oil	9
• International Integration	10
• Fiscal and Monetary Affairs	13
• Public Services - Electricity	14
PROVINCIAL RECONSTRUCTION TEAM	
• Beyond Baghdad	15
DIPLOMATIC	
• Political Engagement	16
• Economic Engagement	17
SECURITY	
• Situation Update	18
• Security Transition	19
Contact Information, Notes and Source Citations	21

HIGHLIGHTS



- Ayatollah Sistani Urges Iraqis to Vote (*POLITICAL*, page 5).
- Al Islami Foods Signs Distribution Agreement (*ECONOMIC*, page 11).
- January 18, Iraqi President Jalal Talabani visits Kuwait to participate in the Arab Economic and Social Development Summit (*DIPLOMATIC*, page 16).
- President Obama Directs Military to Plan Responsible Iraq Drawdown (*SECURITY*, page 18).

POLITICAL - Governance & Legislation



Iraqi Leaders Focus on Upcoming Provincial Elections

Ayatollah Sistani Urges Iraqis to Vote:

- Grand Ayatollah Ali Husayni al-Sistani urged Iraqis to vote in upcoming provincial elections and reaffirmed his political neutrality, stating: “The religious leadership stands an equal distance from all candidates in these elections.” In a statement released by his office, Sistani acknowledged some citizens’ disappointment with some currently elected officials, but stressed that citizens should participate in – and not boycott – elections.

Effort to Form Basrah Region Fails:

- The Independent High Electoral Commission rejected a petition to request a referendum be held to form a single-province Basrah region because it received only 32,448 of the approximately 140,000 required signatures.

COR Recesses; Issues Unresolved:

- The Council of Representatives (COR) recessed after the January 19 session without selecting a new Speaker, approving a budget or passing a resolution to guarantee women 25 percent of provincial council seats. COR sessions are suspended until February 3 to allow COR members to return to their districts to campaign for the January 31 elections.



POLITICAL – Government of Iraq

Coalition Affiliation (at time of appointment)
United Iraq Alliance
Kurdistani Alliance
Iraqi Accord Front
Iraqi National List
Other / Independent

(F) = Female

***Formerly Iraqiya

Prime Minister
Nuri Kamil al-Maliki

Deputy Prime Minister
Rafi Hiad Jiad al-Issawi

Deputy Prime Minister
Dr. Barham Ahmed Salih

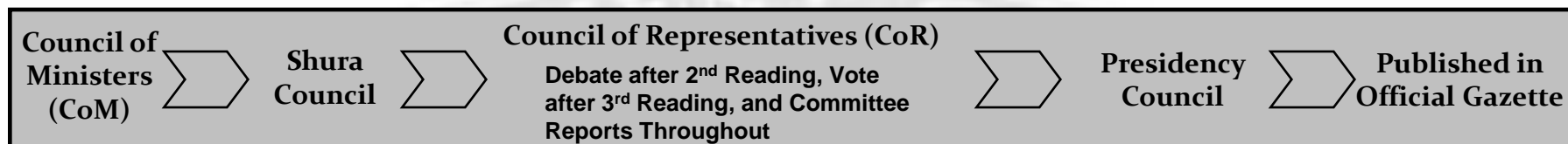
President
Jalal Talabani
Deputy President
Tariq al-Hashimi
Deputy President
Adil Abd al-Mahdi

Minister of Agriculture Ali Husayn Kadhum al-Bahadili	Minister of Communications Faruq Abd al-Qadir Abd al-Rahman	Minister of Culture Mahir Dilli Ibrahim al-Hadithi	Minister of Defense Abd al-Qadir Muhammad Jasim al-Aubaidi	Minister of Displacement & Migration Dr. Abd al-Samad Rahman Sultan	Minister of Electricity Dr. Karim Wahid al-Hasan
Minister of Education Dr. Khudayr Mousa Jaffar al-Khuzai	Minister of Environment Dr. Nermin Othman Hassan (F)	Minister of Finance Bayan Jabr	Minister of Foreign Affairs Hoshyar Mahmud Zebari	Minister of Health Dr. Salih Mahdi Mutlab al-Hasnawi	Minister of Higher Education and Scientific Research Abid Dhiyab al-Ujayli
Minister of Human Rights Eng. Wijdan Mikhail Salim (F)	Minister of Industry & Minerals Fawzi Fransu Hariri	Minister of Interior Jawad Kadhum Eidan al-Bulani	Minister of Justice *** Safa al-Din Muhammad al-Safi (Acting)	Minister of Housing & Construction Bayan Dizayee (F)	Minister of Labor & Social Affairs Eng. Mahmud Muhammad Jawad al-Radi
Minister of Oil Dr. Husayn Ibrahim al-Shahristani	Minister of Planning Ali Ghalib Baban	Minister of Trade Dr. Abd al-Falah Hassan Hummadi al-Sudani	Minister of Science & Technology Dr. Raid Jahid Fahmi	Minister of Municipalities & Public Works Riyadh Abd al-Hamza Gharib	Minister of Transportation Amir Abd al-Jabar Ismail
Minister of Water Resources Dr. Abd al-Latif Jamal Rashid	Minister of Youth & Sports Eng. Jasim Muhammad Jaffar	Minister of State for Civil Society Affairs Dr. Thamer Jafar al-Zubaidi	Minister of State for National Dialogue Dr. Akram Mousa Hadi al-Hakim	Minister of State for National Security Eng. Shirwan Kamil al-Waili	
Minister of State for Foreign Affairs Dr. Muhammad Munajid Aifan al-Dulaymi	Minister of State for Provinces Affairs Dr. Khulud Sami Izzara al-Majun (F)	Minister of State for Tourism and Antiquities Dr. Qahtan Abbas Numanal-Jabburi	Minister of State for Women's Affairs Dr. Nawal Majid Hamid (F)	Minister of State for CoR Affairs Safa al-Din Muhammad al-Safi	
Minister of State at Large Muhammad Abbas Muhammad al-Uraybi	Minister of State at Large Ali Muhammad Ahmad	Minister of State at Large Hasan Radhi Kazim al-Sari			

POLITICAL – Key Legislation



Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **Budget:** First reading held November 24, 2008. The Ministry of Finance then revised the budget to take into account falling oil prices. A second reading and debate are expected in February.

POLITICAL - Refugee Update



- Iraqi Refugees in the region: 2-2.4 million
- Internally displaced persons in Iraq: 2.7 million
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- Since the program's inception in FY07, 19,004 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.
- In FY 2008, a total of 1,142 Special Immigrant Visa (SIVs) were issued for Afghan and Iraqi translators and interpreters (under the Section 1059 program).
- In FY 2008, a total of 705 SIVs were issued (under the Section 1244 program).

ECONOMIC – Oil



Although prices have risen slightly, 2009 oil revenue projections remain pessimistic. Early January export increases are likely short-lived with observed production declines.

Crude Oil Update:

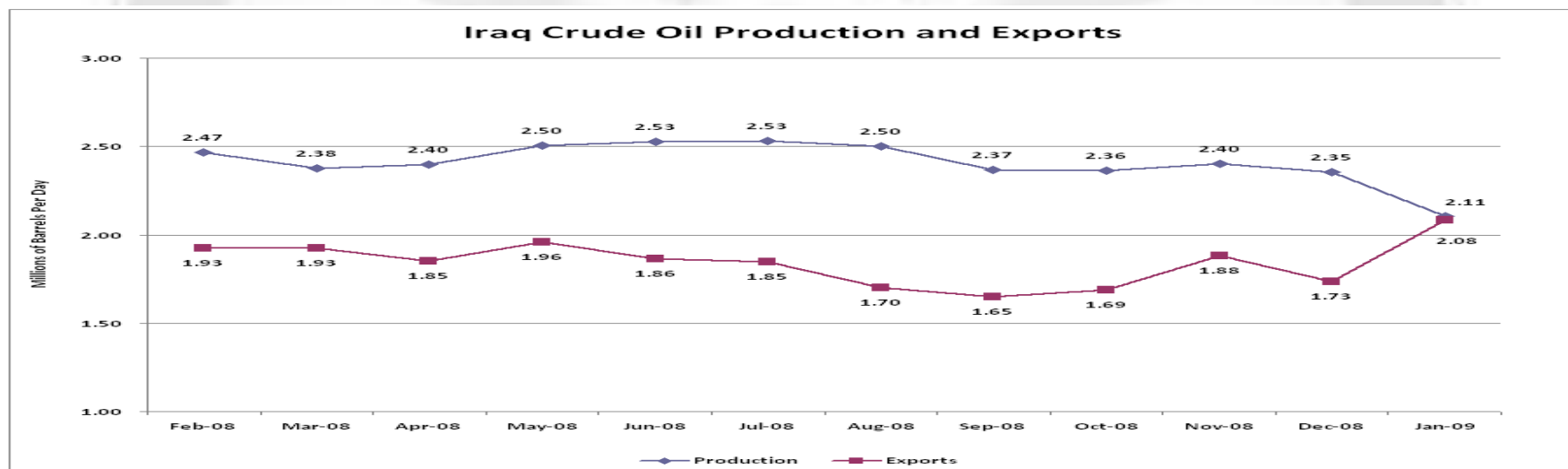
Price averages in world markets closed with the following prices:

Basrah Light at \$38.57/barrel

Dated Brent at \$44.24/barrel

WTI Cushing at \$36.91/barrel

Oman/Dubai at \$44.91/barrel



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.6 Billion 2009 (ytd): \$1.8 Billion

ECONOMIC – International Integration



Iraq is slowly becoming more integrated into the regional and global economy

Rafidain Bank Implements Core Banking System:

- Rafidain Bank has gone live with a core banking and communications system which includes electronic clearing systems, Misys Bankmaster and Branchpower, and the supporting hardware and communications network. The new system has been put in place at Rafidain's international branches throughout the Middle East, and the roll-out of the system to 147 branches of the bank throughout Iraq has begun. The project is one of the largest of its kind in the world and will help Rafidain Bank expand its market presence and services offered to customers.

Three Oil Companies Submit Bids to Develop Nasiriyah Field:

- Ministry of Oil spokesperson Assem Jihad announced January 21 that three international oil companies, Italy's Eni SpA, Spain's Repsol and Japan's Nippon Oil, submitted bids for a service contract to develop the Nasiriyah field in southern Iraq, which has estimated reserves of 4.4 billion barrels and the potential to produce at least 300,000 barrels per day. The Nasiriyah field was not included in the two bid rounds opened in October and December 2008.

ECONOMIC – International Integration



Babil Province Delegation and Chinese Companies Sign Memorandums of Understanding:

- Memorandums of Understanding (MOU) have been signed between a delegation from Babil province and several Chinese companies to carry out six investment projects, which include the construction of a modern theme park, a mineral water factory, a date packing factory, and a clothing factory. According to the deputy head of Babil's provincial council, Nema al-Bakri, work on the projects is scheduled to begin in February.

Al Islami Foods Signs Distribution Agreement:

- The Dubai-based halal food producer Al Islami Foods announced January 15 it had signed a distribution agreement with the Baghdad Poultry and Meat Preparing Company to distribute Al Islami products in Iraq. Figures from after 2003 estimate Iraq has a \$2.5 billion halal food import market and a population of 30 million and 97% are Muslim.

ECONOMIC – International Integration



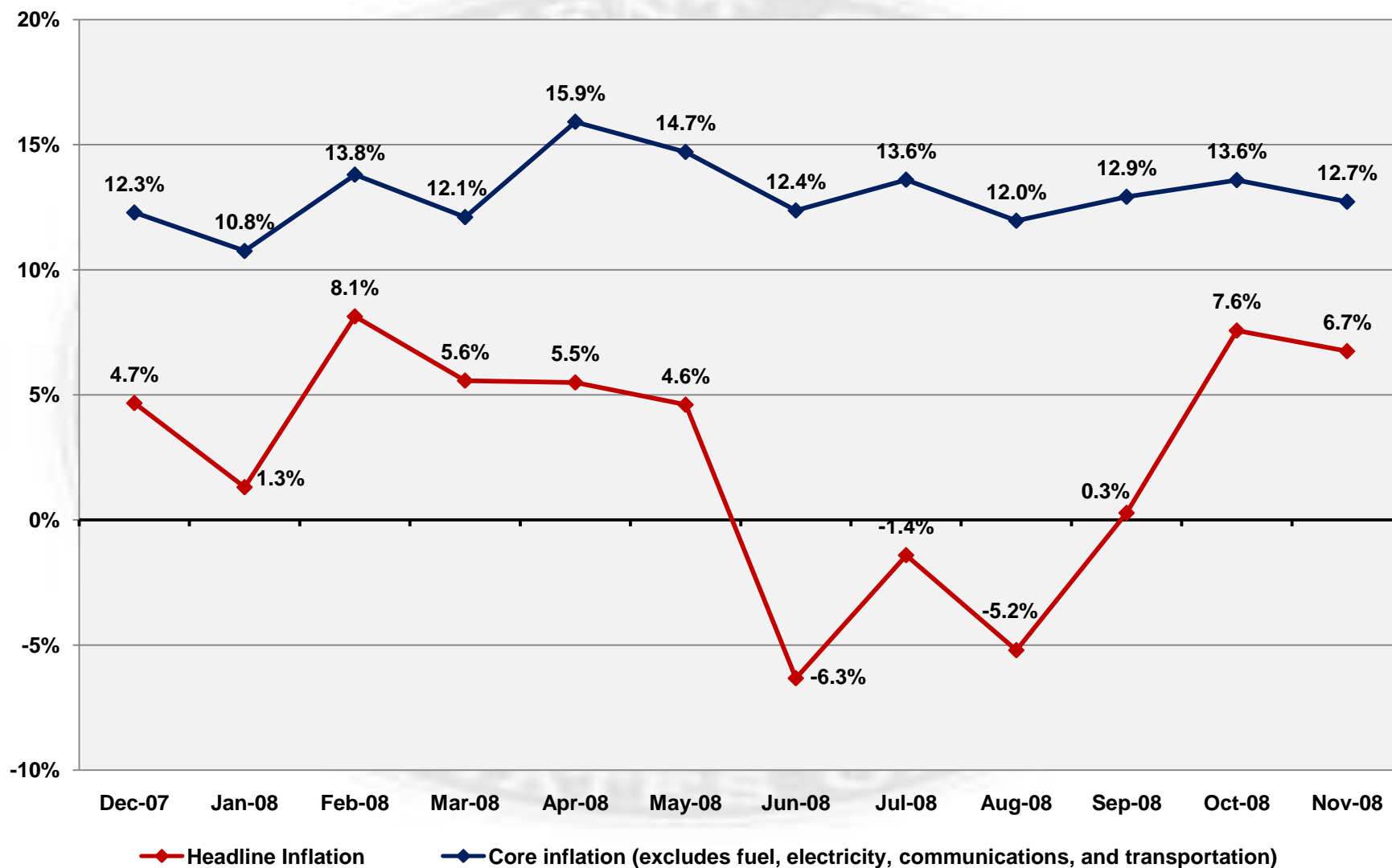
Iraqi Demand for New, Imported Cars Rising:

- With security improving, Iraqis have begun purchasing new, imported cars, often at prices above what they would sell for in the U.S. After the Iraqi invasion of Kuwait, the UN imposed sanctions on Iraq which blocked the import of non-essential consumer goods such as cars and left Iraqis with aging automobiles. While the sanctions were removed in 2003, many Iraqis hesitated to buy new cars for fear it would make them targets of kidnapping or theft.

ECONOMIC - Fiscal and Monetary Affairs



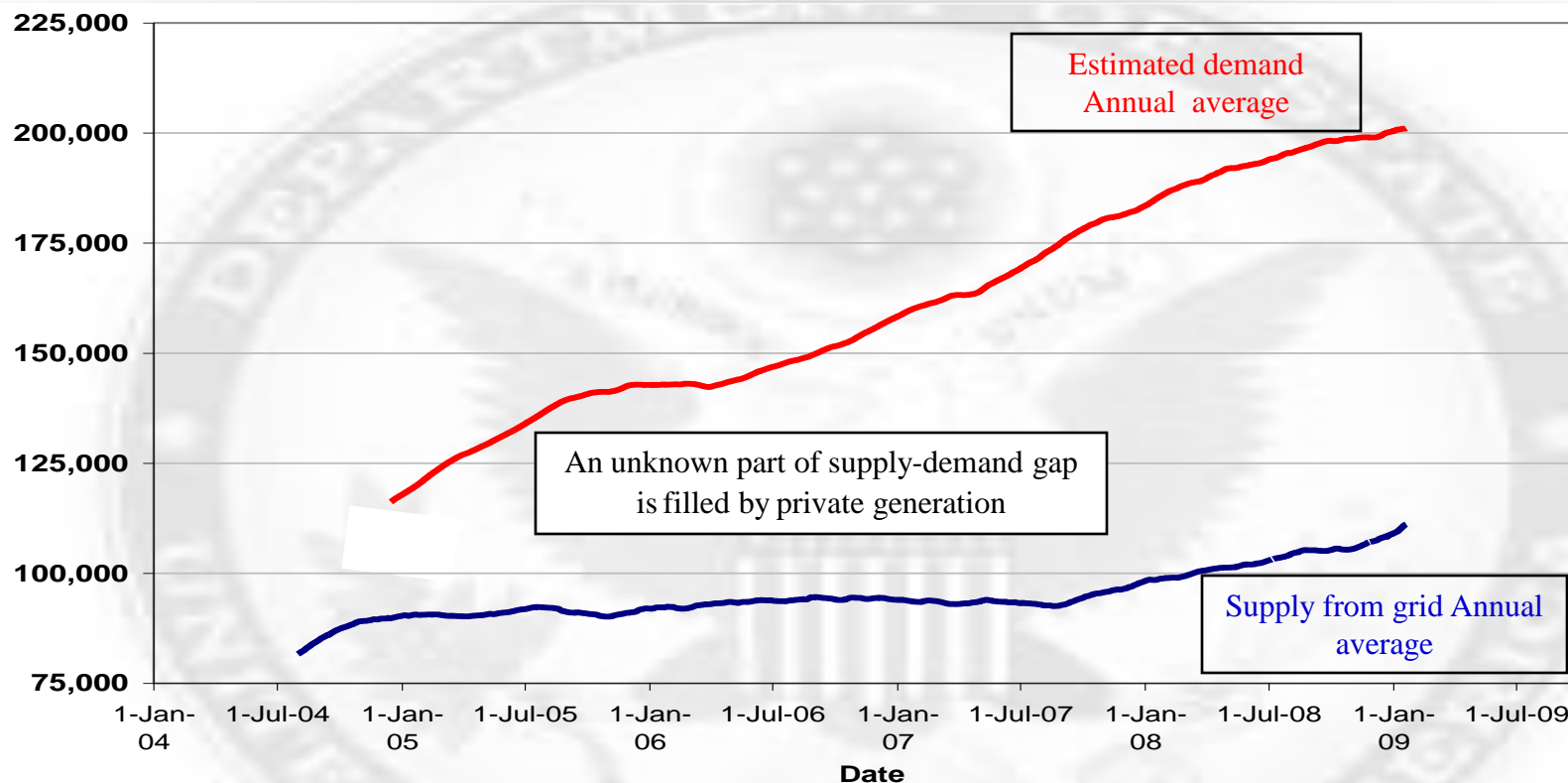
Year-on-Year Inflation



Public Services – Electricity



GOI needs to strengthen policy actions to manage demand and usage patterns



- Daily electricity supply from the grid January 13-19 was 43% above the year-earlier period and met 59% of demand, compared with 41% for the year-earlier period.
- Based on estimated demand, hours of power for January 12-18 after meeting demand from essential services were Baghdad 13.2 and Iraq 13.1. Year-ago levels were Baghdad 5.8 and Iraq 7.8.

Beyond Baghdad



New Medical College at Muthanna University

The Department of State contributes to 28 PRT's throughout Iraq, working towards strengthening Local and Provincial Governments.

Recent Highlights

Basrah

Basrah International Airport is now operational following the recent handover from the U.S. After extensive training, authorities are now fully capable and ready to begin daily flight operations. The airport had formerly been used solely by Saddam Hussein and his friends. The airport is now open for commercial use with 5,000 residents flying last month to Saudi Arabia for the Hajj.

Al Anbar

In Ramadi, a city considered lost to insurgents over a year ago, political parties and candidates are in full election mode blanketing the city with campaign material and speaking with voters. Voter turnout in the Anbar elections is expected to be high.

Muthanna

The province just saw its first class of students start at the University of Muthanna's new medical college. PRT Muthanna donated 354 textbooks to the medical college after it was learned that the students would begin their studies without books.

DIPLOMATIC – Political Engagement



Iraq Participates in Arab Conclave

President Talabani Arrives in Kuwait for Summit:

- Iraqi President Jalal Talabani led a high-level delegation to Kuwait January 18 to participate in the two-day Arab Economic and Social Development Summit. The Kuwaiti and Iraqi delegations were expected to hold bilateral economic and trade discussions following the summit.

DIPLOMATIC – Economic Engagement



Iraqi Government contributes to displaced persons' nutrition

GOI \$40 Million to WFP:

- The United Nations World Food Program (WFP) announced January 15 that the GOI contributed \$40 million to aid in the organization's efforts to provide food for the approximately 750,000 internally displaced Iraqis. GOI funding, which was confirmed in May, has been used to purchase wheat flour, oil, and beans for distribution to vulnerable IDPs in all of Iraq's 18 governorates. The WFP program was created to address the needs of the most vulnerable displaced Iraqis who are unable to register for the national food ration system, which all Iraqis are eligible to receive, because they have left their original place of residence. The WFP and GOI recently published a report on food security in Iraq – the Comprehensive Food Security and Vulnerability Analysis -- indicating that the number of people without adequate access to food has dwindled from around 4 million in 2005 to just 930,000 last year.



SECURITY - Situation Update

Iraqi Forces step up as U.S. plans responsible drawdown

President Obama Directs Military to Plan Responsible Iraq Drawdown:

- In a meeting with key defense, military, and national security officials January 21, President Barack Obama asked the military leadership “to engage in additional planning necessary to execute a responsible drawdown from Iraq.” Defense Secretary Robert M. Gates; Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen; Central Command Commander, General David Petraeus, Multi-National Forces – Iraq Commander, General Raymond Odierno; U.S. Ambassador to Iraq Ryan Crocker; and other key national security officials provided a full update on Iraq. The President said he also plans to undertake a full review of the situation in Afghanistan, Iraq, and the broader Middle East to develop a comprehensive policy for the entire region.

Iraqi Security Forces Prepared to Provide Election Security in Basra:

- As part of the comprehensive security plan for Iraq’s provincial elections, the National Police in Basra are prepared to provide security for the large voter turnout expected there on January 31. Lieutenant Colonel Sattar Jabbar Awda, the executive officer for the National Police’s 1st Battalion, Basra Brigade, said his unit is collaborating closely with polling officials to ensure the elections are safe and fair. Basra officials are expecting 2,500 – 3,000 voters at smaller polling sites and up to 10,000 voters at main sites. Members of the National Police will participate in early voting so they can focus on security on Election Day.

SECURITY – Security Transition



Helping the Iraqi Security Forces (ISF) to Do More

U.S. Military Transferring Armored Humvees to ISF:

- The U.S. military is scheduled to transfer over 8,500 refurbished armored Humvees (HMMWV) to the ISF by July 2009, enhancing the capabilities of the Iraqi military and Police Forces. Since the program's inception, more than 3,000 Humvees (of the 8,500+ total) have been transferred to the ISF at an average of 400 vehicles per month.

Camp Ramadi Transferred to Government of Iraq:

- A Memorandum of Agreement (MOA) signed by U.S. military officials and the Iraqi Army officially transferred Camp Ramadi to Iraqi control January 20. Ramadi, the capital of Anbar province, was a center of Sunni insurgent resistance following the fall of the Saddam Hussein regime, but the area is now one of Iraq's safest.



SECURITY - Iraqi Security Forces

Iraq Security Forces as of Nov. 30, 2008 ^a			
Component	Current Authorized Personnel ^b	Assigned Personnel ^c	Total Trained Personnel to date ^d
Ministry of Interior (MoI) Forces ^e			
Iraqi Police Service ^f	334,739	309,965	219,342
National Police ^g	46,580	40,712	52,707
Border Enforcement	45,550	40,888	38,389
Total MoI	426,869	385,565	310,438
Ministry of Defense (MoD) Forces ^h			
Army	174,055	196,698	238,191
Army Training and Support Forces ⁱ	22,345	22,724	22,930
Air Force	3,690	2,071	2,941
Navy	3,596	1,898	1,494
Total MoD	203,686	223,391	265,556
Counter Terrorism Bureau			
Special Operations ^j	6,190	4,150	4,564
Total Iraqi Security Forces	636,745	613,106	580,558

a. Numbers do not include ministry staffs.

b. Numbers reflect Government of Iraq (GOI) authorizations.

c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.

d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.

e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.

f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.

g. Includes the national Emergency Response Unit.

h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).

i. The MoD Army Training and Support Forces include logistics units and training center cadre.

j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.

k. 6792 increased authorized Training and Support Forces based on pay data due to consolidation of approved MTOEs signed by the MinDef updating current data. Percent assigned now represents a more realistic figure (101%) vs. previous reported (150%) assigned.



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

- Department of State, Section 2207 Report on Iraq Relief and Reconstruction
<http://www.state.gov/p/nea/rls/rpt/2207/c26517.htm>
- Department of State, Section 1227 Report on Iraq
<http://www.state.gov/p/nea/rls/rpt/1227/c26862.htm>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
http://www.defenselink.mil/pubs/pdfs/9010_Report_to_Congress_Dec_08.pdf

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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- COR Report, January 19, 2009

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- Department of State, NEA/I Political Section, NEA-I-POL-DL@state.gov

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Slide 10:

- Business Intelligence Middle East, January 14, <http://bi-me.com/main.php?id=29832&t=1&c=17&cg=3&mset=1031>
- AP, January 21, http://www.google.com/hostednews/ap/article/ALeqM5jUgnf_h1tymdmTHrMf8uSi8NkDPgD95RHHR80

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- American Forces Press Service, January 22, <http://www.defenselink.mil/news/newsarticle.aspx?id=52767>
- MNFI Press Release, January 18, http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=24962&Itemid=128

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- Armed Forces Press Service, January 15, <http://www.defenselink.mil/news/newsarticle.aspx?id=52697>
- MNFI Press Release, January 21, http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=25028&Itemid=128

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